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COMMON PREMISES AND SERVICES

Progress report on the United Nations House programme

INTRODUCTION

1. The present paper has been prepared jointly by the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA), the United Nations Children's Fund (UNICEF) and the World Food Programme (WFP). It provides a progress report on the United Nations House programme, including information on the background of the programme, the management process put in place since late 1997, the achievements in 1998, the lessons learned, and the plans for the future that the four organizations intend to present to their respective Executive Boards for consideration in connection with the 2000-2001 biennium support budget.

I. BACKGROUND

2. In its resolution 42/196 of 22 December 1987, the General Assembly invited the governing bodies of the organizations of the United Nations system urgently to review and rationalize their field office structure. Thereafter, the Joint Consultative Group on Policy (JCGP) composed of UNDP, UNICEF, UNFPA, WFP and the International Fund for Agricultural Development (IFAD), met and considered modalities for implementing the provisions of the resolution.

3. Among the steps taken was the issuance in 1988 of a joint statement by the Executive Heads of the JCGP organizations requiring their field offices to indicate before renewing any lease that they had explicitly considered the possibilities for sharing common premises. In the same year, the Sub-group on Common Premises and Services (the Sub-group) was established with UNDP, UNICEF, UNFPA and WFP as its members. Its primary responsibilities were to oversee each common premises project, including planning, design, financing, construction and management.

4. In its resolution 44/211 of 22 December 1989, the General Assembly requested all organs, organizations and bodies of the United Nations system to, among other things, make the necessary arrangements to establish common premises at the country level. In subsequent General Assembly resolutions (47/199 and 48/209), the General Assembly emphasized the need to accomplish common premises without increasing costs for the United Nations system or the developing countries.

5. During the period 1988 to 1992, the construction of common premises was initiated in six countries (Cape Verde, Comoros, Guinea Bissau, Maldives, Sao Tome and Principe and Zambia). Substantial cost overruns were encountered, largely caused by the mismanagement of projects and difficulties in monitoring construction activities in a decentralized environment. This assessment became fully apparent following the recent review of the implementation of activities undertaken by UNDP under its Reserve for Field Accommodation.

6. In 1994, JCGP adopted the lease-to-own modality as the preference for establishment of common premises, under which Governments were expected to donate land on which JCGP would construct premises financed by the private sector. Eighteen Governments donated land; however, the programme was never implemented.

7. The current United Nations House programme is a new initiative. On 17 March 1997, the Secretary-General spelled out his plans for the strengthening of the United Nations system in a letter addressed to the President of the General Assembly (A/51/829). The plan includes steps for achieving greater coherence of planning, programming and implementation at the country level. The Secretary-General noted that "... the drive to establish common premises and common services arrangements at the country level will be intensified. A common location will save on administrative costs to the benefit of the programme countries and will serve to encourage a daily habit of coordination, cooperation and consultation". The Secretary-General later decided that common premises of the United Nations at the country level would be named United Nations House.

8. In July 1997, the United Nations Development Group (UNDG) was established and activities relating to premises previously carried out by JCGP were placed under its responsibility. In May 1997, UNDG was commissioned to identify a strategic approach to accomplish the Secretary-General's plan to accelerate the establishment of common premises.

II. FRAMEWORK FOR ACTION

9. A number of elements have been put into place to support the efficient planning, implementation and oversight of the United Nations House programme: a clear definition and criteria for the identification of the United Nations House, a methodology for the selection and analysis of opportunities to establish additional common premises/United Nations Houses, and an executive decision-making process to facilitate the entire process. In addition, the Consultative Committee on Programme and Operational Questions (CCPOQ) distributed guidelines on administrative management to all country offices to assist them in carrying out their responsibilities with respect to the

establishment of common premises and common/shared services. These elements are an improvement on the existing arrangements and will need to be further refined to ensure maximum effectiveness.

10. The definition and criteria for the name, United Nations House were endorsed by the Secretary-General on 10 February 1998. The name is conferred by the Secretary-General, upon the recommendation of the UNDG Executive Committee. The minimum prerequisites are:

(a) The premises include the office of the United Nations Resident Coordinator, the offices of all Resident Country Directors/Representatives of the members of the UNDG Executive Committee and the United Nations Information Centre (UNIC) office;

(b) Organizations of the United Nations House share a commitment for cost-efficiency through the development of a framework for common services;

(c) In addition, the aim is to include in the United Nations House the offices of the Resident Country Directors of all UNDG member organizations of the other United Nations entities and of the Bretton Woods institutions.

11. UNDG has developed a methodology for establishing a United Nations House and/or common premises:

(a) The host Government provides a rent-free building appropriate for the size and stature of the United Nations mission. This modality usually requires one-time renovation costs that must be borne by the occupying United Nations organizations and that may be higher than the previous operating costs for one year;

(b) Commercial space is leased in an appropriate building. The typical problem with this modality is the lack of availability of suitable buildings and high rental and maintenance costs;

(c) The least preferred modality is for the UNDG organizations to undertake, at their own cost, the construction of a new building on land provided by the host Government. This modality is expensive, high risk, complex, difficult to manage, and, as demonstrated by past experience, prone to cost overruns.

12. The preferred modalities described above replace the previous approach for a land grant from the Government and the construction by the United Nations of an office building.

13. In March 1998, the UNDG Executive Committee established the Management Group on Services and Premises (MGSP) - composed of director-level representatives from each of the four organizations constituting the Executive Committee - with decision-making authority concerning common services and premises. The MGSP has oversight responsibility for the former JCGP Sub-group, renamed the UNDG Sub-group on Common Premises and Services.

III. HOW THE PROCESS WORKS

14. The country team, under the leadership of the United Nations Resident Coordinator, initiates the process by an analysis of opportunities. The guidelines for the analysis are provided by the Sub-group. This analysis must include the tabulation for each organization of staffing and space allocations, drafts of floor plans, due diligence studies, costs and cost-benefit analysis based on a continuation of current arrangements and on recommended options and the country team's consensus recommendation to the Sub-group.

15. The Sub-group supports the process by assessing the options proposed by the country team, taking into account the costs and benefits, critical lease dates, implications for rental and operating costs, security concerns, etc. The Sub-group also decides on the need to engage specialized consultants to review and evaluate proposals and, in some cases, under the direction of the Sub-group, to conduct an analysis of potential new common premises to determine the availability of offices either from the host Government or the commercial sector and the cost of fitting out the building for United Nations occupancy.

16. The MGSP decides on the option and approves its funding. When the proposals are approved and the related funding from each agency becomes available, the country team is assigned responsibility for implementation with technical oversight from the Sub-group.

IV. COMMON SERVICES

17. There is a broad consensus that participating in common services arrangements can yield significant benefits to United Nations organizations. Many benefits can be achieved even in the absence of occupancy in one building but the opportunities are maximized with the establishment of the United Nations House concept. A number of country teams have identified opportunities and implemented arrangements that have resulted in savings and operational efficiencies.

18. Building on the recently approved CCPOQ guidelines concerning the administrative management of the resident coordinator system covering the area of common services, the Management Group will further develop tools and guidance on the development and implementation of common and shared services. As a first step, the Management Group is collecting systematic information on the current status of and experience with common or shared services in the field offices, under a project funded by a United Kingdom Trust Fund. Using this information and best practices that have been followed, the Management Group will develop prototype service agreements, pre-established standards for services provision, measures of service performance, suggested governance arrangements for common and shared services, as well as related accountability and cost-recovery aspects. It will be important to consider the premises and services aspects together to help realize the benefits of co-location for organizational synergies and cost-efficiencies in the operation of field structures of the United Nations system.

V. RESULTS

19. The new methodology and process now in place creates the opportunity to achieve the Secretary-General's goal for accelerated implementation of common premises. During 1998, results have been achieved in several areas: formal recognition of existing United Nations House situations; evaluation missions, which have been a major source of learning for the future management of the process; and the identification of new and potential United Nations Houses. More specifically:

(a) Twenty eight existing offices were identified as meeting the criteria for designation as United Nations Houses in 1998 (Algeria, Armenia, Azerbaijan, Belarus, Bhutan, Bulgaria, Cape Verde, Comoros, Costa Rica, Ethiopia, Eritrea, Honduras, Lesotho, Libya, Lithuania, Malaysia, Maldives, Nepal, Papua New Guinea, Philippines, Poland, Russia, Samoa, Sao Tome and Principe, South Africa, Swaziland, Turkmenistan and United Arab Emirates);

(b) The four organizations have established a joint database on leases to assist in the management of offices worldwide;

(c) In the first year of the application of the new methodology, 16 countries were visited (Bangladesh, Belgium, Bhutan, Burkina Faso, Cambodia, Côte d'Ivoire, Gambia, Ghana, Guinea Bissau, Honduras, Kyrgyzstan, Madagascar, Malaysia, Mauritius, Mexico and Saudi Arabia). In-depth evaluations by the Sub-group and external consultants were conducted in nine of these countries (Bangladesh, Belgium, Burkina Faso, Cambodia, Gambia, Honduras, Kyrgyzstan, Mauritius and Mexico);

(d) Two new United Nations Houses were formally established in 1998 (Lebanon and Mauritius) and one so far in 1999 (Belgium);

(e) In four countries (Belize, Honduras, Latvia and Moldova), relocation to new premises matching the United Nations House definition is scheduled to take place in 1999;

(f) A number of countries have made proposals for the establishment of a United Nations House. These will be assessed and analysed using the new methodology.

VI. LESSONS LEARNED

20. Some important lessons learned thus far include:

(a) The most cost-effective modality to establish a United Nations House is to secure an adequate rent-free building from the host Government. However, the clauses pertaining to the provision of office space in the Basic Assistance/Cooperation Agreement with the host Government of each of the four organizations are not harmonized. Harmonization of terms and conditions of all UNDG partners would be an important step to facilitate negotiations with Governments;

(b) Obtaining land grants from the Government for the construction of office buildings by the UNDG participating organizations is the highest risk and least preferred modality for the establishment of United Nations Houses. Instructions have been issued to resident coordinators to return land donations to the Government;

(c) In many cases, the move to a United Nations house results in a move to a higher-grade building; in some cases, however, this may also result in higher rental and/or maintenance costs. Often, even if overall savings are achieved, some of the organizations may experience higher costs and some lower costs. In most cases, fitting out space and relocation costs require up-front funding that needs to be anticipated and provided for in each organization's budget;

(d) The new methodology demands a more intensive management effort at headquarters, which has put a strain on the capacities of the four organizations and in particular the smaller organizations, such as UNFPA;

(e) Obtaining professional expertise to assist with the evaluation of United Nations House proposals has proven to be valuable. Consultants experienced in international real estate, architecture, space-planning and engineering, provide professional evaluation and articulation of options unavailable otherwise. Based on experiences gained by the Sub-group, UNDG considers that the use of outsourced professional expertise is a key component in carrying out on-site, cost-effective and value-added missions and to analysing effectively the proposals received from country teams;

(f) Communication channels between headquarters and country teams need to be clarified and strengthened. The establishment of UNDG, its Support Group, the re-defined Sub-group, the new Management Group, and accelerated activities toward the establishment of United Nations Houses require explicit instructions to the field on how the process works and with whom to communicate.

VII. PLANS FOR THE FUTURE

21. The following actions will be undertaken and monitored by the four organizations:

(a) Discussions with host Governments to obtain a deeper commitment to the allocation of rent-free premises for the United Nations system;

(b) Development and dissemination of a briefing package to country teams to help them to develop more effective proposals;

(c) Review for approval and, when appropriate, monitor implementation of proposals evaluated in the past year;

(d) Identify and disseminate to country teams the best practices, strategies and modalities for the establishment of common administrative services;

(e) Continued identification of opportunities for common premises to recommend to the Secretary-General for designation as United Nations Houses.

VIII. TARGETS AND RESOURCE REQUIREMENTS

22. A concrete plan of action needs to be matched with adequate resources. The UNDG Executive Committee proposes two options with regard to the pace of implementation: an accelerated pace, which involves the evaluation of 20 countries per year resulting, with a potential success rate of 50 per cent, in the establishment of 30 United Nations Houses by the year 2004. A slower pace, with the evaluation of only 10 countries per year, resulting, with the same assumptions, in about 15 United Nations Houses by 2004. The four organizations strongly recommend that at least the slower pace option be funded in order to support the momentum of the United Nations reform in this area.

23. To achieve either target requires the allocation of financial resources in two categories of costs:

(a) All costs relating to lease hold improvements, such as the services of architects, space-planning, construction, relocation costs, furniture and equipment;

(b) Planning, management and oversight, including experts providing services to assist in evaluations of proposals and due diligence studies.

The great majority of costs will be in the first category and will vary depending on specific situations. Only actual costs will be paid by each organization, depending on the amount of space it will occupy and the costs it incurs for relocation, furniture, etc. The second category of costs (category b) will be shared by each of the four organizations on a fair and equitable methodology that has been agreed on in advance.

24. The slower pace option would require a total estimated amount of $12 million; the accelerated pace option about double that amount, or $24 million. Approximately 93 per cent of the total costs would be covered under category (a) leasehold improvements and related areas and the remaining 7 per cent for category (b) costs, specifically, planning, management and oversight.

25. The implementation of either option is subject to the availability of financial resources as projects cannot be implemented without adequate funding. Each organization will have to examine carefully its own financial situation in determining the amount of funds to be committed to this effort and will seek the endorsement of its own Executive Board.